



STATE OF MAINE
PUBLIC UTILITIES COMMISSION
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04333-0018

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August 15, 2001

Mary E. Bowers, Supt.
Great Salt Bay Sanitary District
P O Box 23
Damariscotta, ME 04543

RE: Great Salt Bay Sanitary District
Proposed Rate Change
Docket No. 2001-359

Dear Ms. Bowers:

The Great Salt Bay Sanitary District's (District) proposed rate increase will be allowed to go into effect by operation of law on September 1, 2001, as proposed. We are doing so because the Commission did not receive a petition from the District's customers.

The Commission has several concerns regarding the above case. Those concerns are issues that could cause the filing to fail to meet the statutory requirements of 35-A M.R.S.A. § 6104 and/or trigger a Commission investigation of the District's rates. Those concerns are:

1. The misleading notice to the District's customers;
2. Public Fire Protection Charges not in compliance with Chapter 69 of the Commission's Rules; and
3. The District's failure to fund depreciation expense.

Section 6104 requires the District to mail individual notices to each of its customers and to publish that notice in an area newspaper. The law is very specific about the content of that notice and requires that it include the amount and percentage increase for each customer class. While the District did provide notice to its customers, it is apparent, from a newspaper article attached to the District's filing, that it did not reflect the amount of increase

that was actually intended by the District Trustees. Trustee Kit Hayden is quoted as follows: "This is really quite misleading. What we put out is what the professional told us to put out. No way do we intend to implement this." The District apparently misrepresented its intended rate increase to its customers and the public. That action is unacceptable and will not be tolerated in the future.

Based upon the District's informational filing, Chapter 69 of the Commission's Rules requires that 30% of the District's water utility revenues come from public fire protection charges. The rate increase proposed for implementation only derives 26.76% of the revenue from public fire protection charges. We will not require an adjustment at this time, but will require the District to bring its public fire protection charges into compliance with Chapter 69 at the time of its next rate increase.

We are concerned that the District's failure to fund depreciation, in this rate proceeding, will cause the District to have inadequate funds to complete normal renewals and replacements. Please provide us with a written explanation of how the District plans to fund needed renewals and replacements under the proposed rates without shifting the burden to future ratepayers. Thank you for your prompt attention to this matter.

Sincerely,

Dennis L. Keschl
Administrative Director